

EXHIBIT 3
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HB 599

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Tuesday, February 13, 2007

To: Chairman Bob Lake, Montana House Taxation Committee

Re: HB 599

I am writing on behalf of my law office, and its clients who owns Montana business entities which own and register motor homes in Montana. I do not object to HB 599, but have some concerns with the bill to share with the committee.

First, the fourth "Whereas" clause in the bill mentions that nonresidents use a Montana business entity to avoid paying sales tax in their home state. This statement is misleading. Simply registering a vehicle in Montana isn't generally sufficient to avoid another state's registration and/or tax statutes. In addition to registering a vehicle in Montana, the vehicle must also be used/stored/operated outside of a client's state of residence for the "safe harbor" period provided by that state's laws. Florida, for example, requires a vehicle to stay outside of Florida for 180 days following its purchase. California, for example, requires a vehicle purchased by a Montana LLC to be located outside of California for at least 183 days during the first year following purchase.

The attorneys in my firm advise clients of the laws of their home states, and advise them to comply with those laws to legally avoid that state's registration/tax statutes.

Second, the purpose of the bill is to provide compensation to a Montana County Treasurer's office for registering any motor home, including one owned by a business, because the fees from motor home registrations don't directly benefit the County that registers the motor home. My firm registers a large number of motor homes with the Missoula County Treasurer's Office, thereby burdening its staff, but not directly providing fees to it that can be used to hire more employees to handle the added burden.

Third, while this bill provides a County with additional funding, it does not " earmark" those funds to be directed toward that County's Treasurer's Office for the purpose of hiring additional employees, when perhaps it should.

Please don't hesitate to contact me or Thad Brinkman, Esq., or our lobbyist, Chris Gallus (Cell: 406.459.8676), with any questions, comments, or concerns.

Respectfully submitted,

John M. Bennett